

Table of Multipliers for Estimating Employer Contribution for Salary Increases in Excess of 6 Percent

The table of multipliers below assumes the member will receive a nondiscounted formula retirement benefit under the 2.2 benefit plan. The employer contribution for salary increases in excess of 6 percent used in the final average salary is not applicable for members receiving an actuarial (money purchase) retirement benefit. The employer contribution for salary increases in excess of 6 percent used in the final average salary is in addition to any applicable employer ERO contribution.

To calculate a ballpark estimate of the employer contribution for salary increases in excess of 6 percent used in the final average salary, find the multiplier in the table for the retiree’s combination of age and years of service at

retirement. Please note that years of service credit should include service credit (up to a maximum of 2 years) for unused, uncompensated sick leave days that are reportable to TRS. Then multiply the total amount of the retiree’s reportable salaries which exceeded 6 percent during the final average salary years by the multiplier and the result is the estimated employer contribution.

For example, a district could estimate that an employer contribution for salaries in excess of 6 percent for a member retiring at age 55 with 34 years of service credit and electing ERO (nondiscounted) will be approximately equal to 2.6 (or 2.593) times the amount of reportable salaries his/her district paid in excess of the 6 percent threshold

up to the 20 percent limit during the final average salary years.

Retiring members are not subject to a discounted retirement benefit if they are either at least age 60 or have 35 or more years of service credit. Retiring members who are at least age 55 but less than age 60 and have at least 20 but fewer than 35 years of service are subject to a discounted annuity. However, an ERO eligible member can avoid the discount/reduction and receive a nondiscounted formula retirement benefit by electing ERO.

Age at Retirement	Number of Years of TRS Service Credit at Retirement																		
	5	10	15	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35 +
55				1.521	1.597	1.673	1.749	1.825	1.901	1.977	2.053	2.130	2.206	2.282	2.358	2.434	2.510	2.593	2.593
56				1.511	1.586	1.662	1.737	1.813	1.888	1.964	2.039	2.115	2.190	2.266	2.341	2.417	2.492	2.575	2.575
57				1.497	1.572	1.647	1.722	1.796	1.871	1.946	2.021	2.096	2.171	2.245	2.320	2.395	2.470	2.552	2.552
58				1.480	1.554	1.628	1.702	1.776	1.850	1.924	1.998	2.072	2.146	2.220	2.294	2.368	2.442	2.523	2.523
59				1.459	1.532	1.605	1.678	1.751	1.824	1.897	1.970	2.043	2.116	2.189	2.262	2.335	2.408	2.488	2.488
60		0.717	1.075	1.434	1.505	1.577	1.649	1.720	1.792	1.864	1.935	2.007	2.079	2.150	2.222	2.294	2.365	2.444	2.444
61		0.702	1.053	1.404	1.474	1.544	1.614	1.684	1.755	1.825	1.895	1.965	2.035	2.106	2.176	2.246	2.316	2.393	2.393
62	0.343	0.687	1.030	1.373	1.442	1.511	1.579	1.648	1.717	1.785	1.854	1.923	1.991	2.060	2.129	2.197	2.266	2.341	2.341
63	0.335	0.671	1.006	1.342	1.409	1.476	1.543	1.610	1.678	1.745	1.812	1.879	1.946	2.013	2.080	2.147	2.214	2.288	2.288
64	0.328	0.655	0.983	1.310	1.376	1.441	1.507	1.572	1.638	1.703	1.769	1.834	1.900	1.965	2.031	2.096	2.162	2.233	2.233
65	0.319	0.639	0.958	1.278	1.342	1.406	1.470	1.533	1.597	1.661	1.725	1.789	1.853	1.917	1.981	2.045	2.108	2.178	2.178
70	0.278	0.556	0.835	1.113	1.168	1.224	1.280	1.335	1.391	1.447	1.502	1.558	1.614	1.669	1.725	1.780	1.836	1.897	1.897
75	0.236	0.472	0.708	0.945	0.992	1.039	1.086	1.133	1.181	1.228	1.275	1.322	1.370	1.417	1.464	1.511	1.559	1.610	1.610

Calculation example: Employer contribution for salary increases exceeding 6 percent in final average salary years

A retiree’s final average salary is the average of the four highest consecutive annual salaries within the last 10 years of creditable service. For this example, assume the final four years are the member’s final average salary years and all four years are with the same employer. Also assume none of these years are exempt from employer contributions under an exempt collective bargaining agreement or contract. This member will retire at age 55 with 30 years of service credit and he/she will receive a nondiscounted 2.2 formula retirement benefit by electing ERO.

Column A	Column B	Column C	Column D	Column E (Prior year Column B X 1.06)	Column F (Lesser of Column D or Column E)	Column G (Column D less Column F)	
Years of TRS-covered service until retirement	Actual total reportable salary paid to member	Actual salary increase	Salary used in final average salary calculation (maximum of 120% of prior year)	Public Act 94-0004 final average salary threshold (6% increase over prior year actual reportable salary)	Final average salary as recalculated subject to 6% threshold	Portion of final average salary exceeding 6%	
5	\$50,000.00	--	--	--	--	--	
4	\$52,500.00	5.0%	\$52,500.00	(\$50,000 X 1.06) = \$53,000	\$52,500.00	\$0.00	
3	\$56,250.00	7.1%	\$56,250.00	(\$52,500 X 1.06) = \$55,650	\$55,650.00	\$600.00	
2	\$59,000.00	4.9%	\$59,000.00	(\$56,250 X 1.06) = \$59,625	\$59,000.00	\$0.00	
1	\$72,000.00	22.0%	\$70,800.00	(\$59,000 X 1.06) = \$62,540	\$62,540.00	\$8,260.00	
Total salaries in 4 year final average salary period			\$238,550.00		\$229,690.00	\$8,860.00	Box 1 Total salaries exceeding 6% in final average salary years
Divided by 4 to arrive at average salary			/4 years		/4 years	/4 years	
Average salary in 4 year final average salary period			\$59,637.50		\$57,422.50	\$2,215.00	Box 2 Increase in final average salary due to salaries in excess of 6%
Service credit multiplier (30 years X 2.2)			X 66%		X 66%	X 66%	
Initial annual retirement benefit			\$39,360.75	\$37,898.85	\$1,461.90	Box 3 Initial annual benefit resulting from excess increase in final average salary	
Initial annual benefit paid to member				Initial benefit on final average salary within 6% threshold	X 13.828		
					\$20,215.15		Box 4 Employer contribution for final average salary increases in excess of 6%
\$20,215.15	Box 4	Employer contribution for final average salary increases in excess of 6%					
/\$8,860.00	Box 1	Total salaries exceeding 6% in final average salary years					
2.282	This multiplier represents the amount of employer contribution as compared to the amount of salary paid in excess of 6 percent increase during the final average salary years						

Please see the other side of this attachment for a table of multipliers for select combinations of age and years of service at retirement. The table assumes the member receives a formula retirement benefit under the 2.2 benefit plan. The table of multipliers may be useful to districts in estimating the employer contribution for final average salary increases in excess of 6 percent. A contribution could be estimated by determining the total amount of salaries exceeding 6 percent up to the 20 percent limit in the retiree’s final average salary years (the equivalent of Box 1 in the example above) and multiplying that amount by the multiplier found in the table that most closely reflects the member’s combination of age and years of service at retirement (\$8,860 X 2.282 = \$20,218.52). The result would be a ballpark estimate of the employer contribution for salaries in excess of 6 percent for final average salary years that are not exempt under a collective bargaining agreement or contract. Whole numbers were used for simplicity in the example and table; however, TRS will use the member’s exact age and exact years of service credit for the calculation and for billing the district.

The multiplier may also serve as a simple guideline to illustrate the potential employer liability for each \$1 of creditable compensation paid to the member in excess of the 6 percent threshold during the final average salary years. In the above example, the employer contribution for an age 55 ERO retiree with 30 years of service approximates \$2.28 for each \$1 paid in creditable compensation in excess of a 6 percent increase during the final average salary years.

Please note that the employer contribution for salary increases in excess of 6 percent is in addition to any applicable employer ERO contribution on members retiring under the Early Retirement Option.